



Q1'04 Financial Highlights

April 7, 2004

Note:

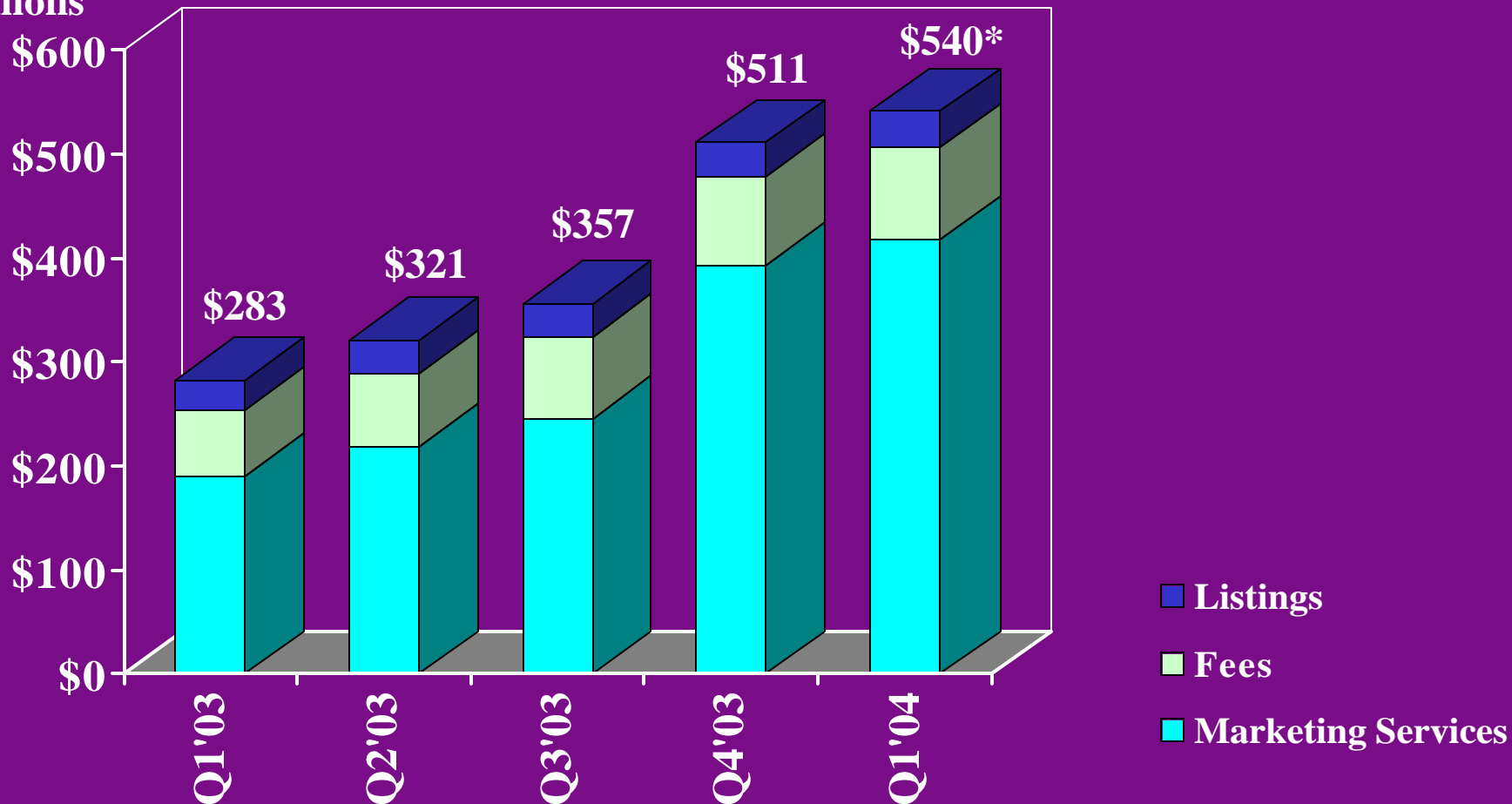
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Quarterly Revenue ex-TAC Trends

Q1'04 revenues ex-TAC grew strongly year-over-year (91%)

\$ in millions



Note: Please refer to supporting Table 1 for Revenue ex-Traffic Acquisition Costs (“TAC”) reconciliation. Revenue ex-TAC is defined as Gross Profit before Other Cost of Revenues.

**Q1'04 revenue ex-TAC is normalized to exclude a one-time gain in the amount of \$9.9 million from unredeemed third party loyalty program points that expired during the quarter. Throughout this presentation, we refer to normalized revenue ex-TAC, operating cash flow, free cash flow, and earnings per share to exclude such gain.*

Q1'04 Revenue ex-TAC

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Strong year-over-year growth across all revenue lines and geographies

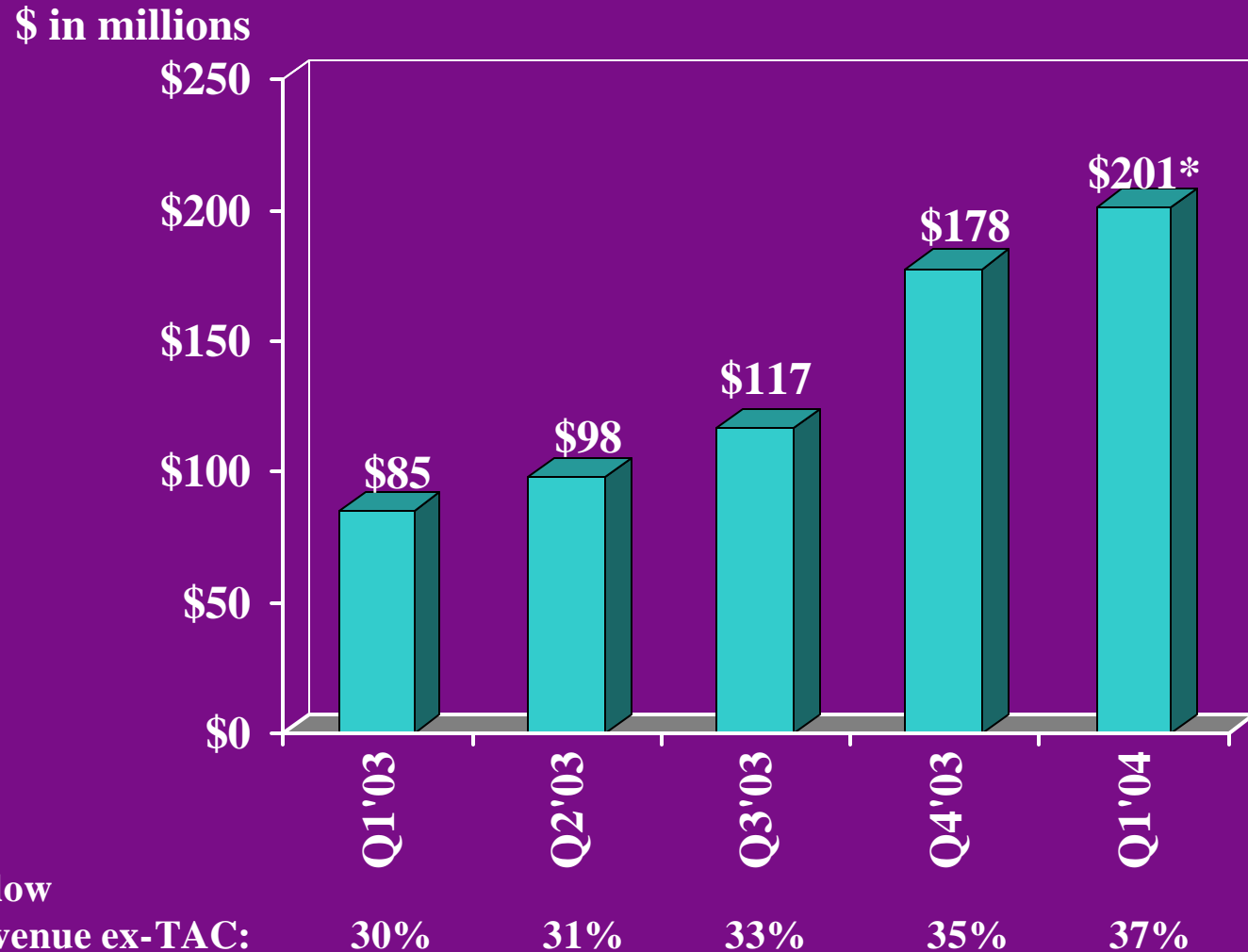
<i>\$ in millions</i>	<i>Q1'03</i>	<i>Q4'03</i>	<i>Q1'04*</i>	<i>Q1'04*</i>	
				<i>YOY</i>	<i>QOQ</i>
Revenue ex-TAC					
Marketing Services	\$190.0	\$392.9	\$418.0	120%	6%
Fees	63.7	85.2	88.5	39%	4%
Listings	<u>29.3</u>	<u>33.2</u>	<u>33.8</u>	16%	2%
Total	\$282.9	\$511.3	\$540.3	91%	6%
Revenue ex-TAC					
United States	\$238.5	\$430.0	\$441.8	85%	3%
International	<u>44.4</u>	<u>81.3</u>	<u>98.4</u>	122%	21%
Total	\$282.9	\$511.3	\$540.3	91%	6%

Note: Please refer to supporting Table 1 for Revenue ex-TAC reconciliation.

**Q1'04 refers to Normalized Revenue ex-TAC.*

Operating Cash Flow Trends

Operating Cash Flow as a % of Revenue ex- TAC expanded by 7% YOY



Operating Cash Flow

as a Percent of Revenue ex-TAC:

*Note: Please refer to supporting Table 2 for Operating Cash Flow reconciliation and Table 8 for Operating Income (Loss) as a percent of Gross profit. Operating Cash Flow is defined as Operating Income Before Depreciation & Amortization and Stock Compensation Expense. *Q1'04 refers to Normalized Operating Cash Flow.*

Operating Cash Flow Trends

Strong geographic year-over-year growth in Operating Cash Flow

<i>\$ in millions</i>	<i>Q1'03</i>	<i>Q4'03</i>	<i>Q1'04*</i>	<i>Q1'04</i>	
				<i>YOY</i>	<i>QOQ</i>
Operating Cash Flow					
United States	\$77.5	\$165.8	\$181.4	134%	9%
International	<u>7.1</u>	<u>11.8</u>	<u>19.7</u>	177%	67%
Total	\$84.6	\$177.6	\$201.0	138%	13%
Operating Cash Flow as a Percent of Revenue ex-TAC					
United States	32%	39%	41%		
International	16%	15%	20%		
Total	30%	35%	37%		

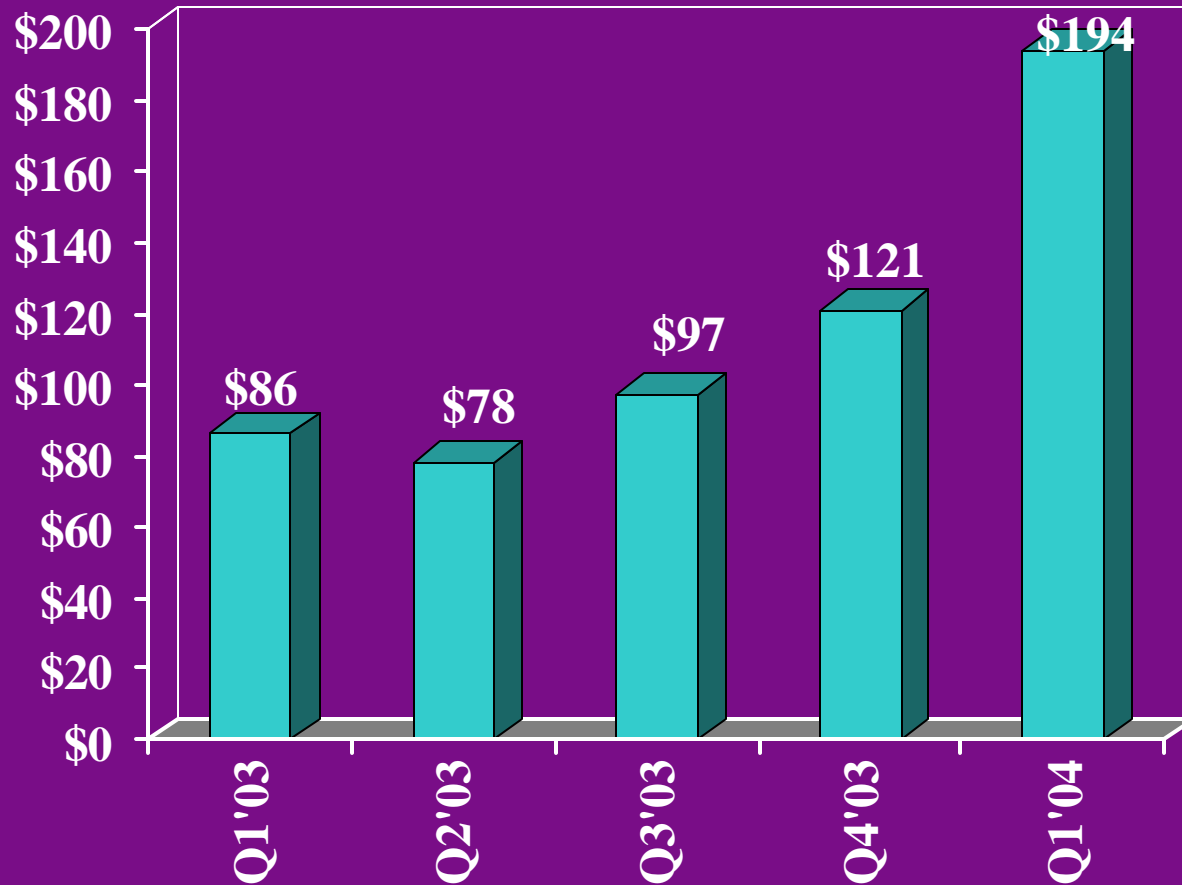
Note: Please refer to supporting Table 2 for Operating Cash Flow by Segment reconciliation and Table 8 for Operating Income (loss) as a percent of Gross Profit by Segment.

**Q1'04 refers to Normalized Operating Cash Flow.*

Normalized Free Cash Flow (FCF) Trends 6

Business generated strong cash with Q1'04 Normalized FCF at 96% of Operating Cash Flow

\$ in millions



Note: Please refer to supporting Table 3 for FCF and Normalized FCF reconciliation and Table 9 for Cash flow from Operations as a Percent of Operating Income.

Diluted Earnings Per Share

EPS has increased 63% year-over-year

\$ per share



*Note: *Q1'04 refers to Normalized EPS. Please refer to Table 7 for reconciliation to GAAP EPS for Q1'04.*

Key Balance Sheet Metrics

Excluding \$733 million in proceeds from issuance of convertible bonds, Cash and Marketable Securities accounted for 38% of Total Assets in Q1'04.

<i>\$ in millions</i>	<i>Q1'03</i>	<i>Q2'03</i>	<i>Q3'03</i>	<i>Q4'03</i>	<i>Q1'04</i>
Cash & Marketable Securities*	\$1,407	\$2,317	\$2,490	\$2,571	\$2,790
Accounts Receivable	\$134	\$142	\$151	\$282	\$282
<i>DSO (in days)</i>	43	40	39	39	34
Deferred Revenue	\$149	\$156	\$151	\$192	\$201

** Cash and Marketable Securities in Q2'03 through Q1'04 includes \$733 million in net proceeds from issuance of convertible bonds.*

Key Consumer and Customer Metrics

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Continued strength in the growth of the Yahoo! Network

<i>Figures are as of quarter-end</i>	<i>Q1'03</i>	<i>Q2'03</i>	<i>Q3'03</i>	<i>Q4'03</i>	<i>Q1'04</i>
Consolidated (in millions)					
Ending Unique Users	232	236	245	263	274
Ending Active Registered Users	112	116	123	133	141
Ending Daily Average Page Views	1,865	1,914	2,041	2,114	2,413
Fee Paying Customers (in 000s)	2,900	3,500	4,200	4,900	5,800
Employees (in ones)	3,705	3,837	3,976	5,493	5,904

Note: Consolidated Figures for Unique Users and Active Registered Users exclude Yahoo! Japan and are based on estimates.

Key Productivity and Monetization Metrics

Strong year-over-year growth in productivity and monetization metrics

	Q1'03	Q4'03	Q1'04*	Q1'04	
				YOY	QOQ
Revenue ex-TAC per Average Unique User Per Month	\$0.42	\$0.67	\$0.67	58%	0%
Annualized Revenue ex-TAC per Average Employee (in 000s)	\$317	\$375	\$379	20%	1%

<i>Trailing Twelve Months (TTM)</i>	Q1'03	Q4'03	Q1'04*	Q1'04	
				YOY	QOQ
Revenue ex-TAC per Average Unique User Per Month	\$0.42	\$0.51	\$0.57	37%	12%
Annualized Revenue ex-TAC per Average Employee (in 000s)	\$292	\$350	\$365	25%	4%

Note: Unique User figures exclude Yahoo! Japan and are based on estimates. Revenue ex-TAC is defined as Gross Profit before Other Cost of Revenues.

**Q1'04 calculations are based on Normalized Revenue ex-TAC.*

Business Outlook

<i>Figures are in \$ millions</i>	<i>Previous ⁽¹⁾</i>	<i>Current Outlook ⁽²⁾</i>	
	<i>FY'04</i>	<i>Q2'04</i>	<i>FY'04</i>
Revenue Excluding TAC ⁽³⁾	\$2,120-\$2,250	\$580-\$615	\$2,405-\$2,520
Operating Cash Flow⁽³⁾	710-800	210-235	890-970
Free Cash Flow (FCF) ⁽³⁾	500-580	-	665-735
Capital Expenditures	160-190	-	175-205

Note:

- (1) As of January 14, 2004.*
- (2) As of April 7, 2004. Yahoo! undertakes no obligation to update this information.*
- (3) Refer to supporting Tables 4, 5 and 6 for Revenue ex-TAC, Operating Cash Flow and Free Cash Flow reconciliations.*

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**Table 1 – Revenue ex-TAC Calculation by Segment
(Reconciliation of Gross Profit to Revenue ex-TAC)**

<i>\$ in millions</i>	<i>Q1'03</i>	<i>Q2'03</i>	<i>Q3'03</i>	<i>Q4'03</i>	<i>Q1'04*</i>
United States					
Gross Profit	\$203.2	\$232.9	\$261.3	\$371.6	\$389.1
Normalizing Adjustment	-	-	-	-	(9.9)
Other Cost of Revenues	<u>35.3</u>	<u>38.5</u>	<u>38.5</u>	<u>58.4</u>	<u>62.6</u>
Revenue ex-TAC	\$238.5	\$271.3	\$299.8	\$430.0	\$441.8
International					
Gross Profit	\$36.6	\$41.7	\$48.2	\$71.5	\$87.0
Other Cost of Revenues	<u>7.8</u>	<u>8.4</u>	<u>8.8</u>	<u>9.8</u>	<u>11.5</u>
Revenue ex-TAC	\$44.4	\$50.1	\$57.1	\$81.3	\$98.4
Worldwide					
Gross Profit	\$239.8	\$274.6	\$309.5	\$443.1	\$476.1
Normalizing Adjustment	-	-	-	-	(9.9)
Other Cost of Revenues	<u>43.1</u>	<u>46.8</u>	<u>47.3</u>	<u>68.3</u>	<u>74.1</u>
Revenue ex-TAC	\$282.9	\$321.4	\$356.8	\$511.3	\$540.3

Note: Revenue ex-TAC is defined as Gross Profit before Other Cost of Revenues.

**Q1'04 revenue ex-TAC is normalized to exclude a one-time gain in the amount of \$9.9 million from unredeemed third party loyalty program points that expired during the quarter. Throughout this presentation, we refer to normalized revenue ex-TAC, operating cash flow, free cash flow and earnings per share to exclude such gain.*

**Table 2 – Operating Cash Flow Calculation by Segment
(Reconciliation of Operating Income to Operating Cash Flow)**

<i>\$ in millions</i>	<i>Q1'03</i>	<i>Q2'03</i>	<i>Q3'03</i>	<i>Q4'03</i>	<i>Q1'04*</i>
United States					
Operating Income	\$51.0	\$60.5	\$77.7	\$90.2	\$121.3
Normalizing Adjustment	-	-	-	-	(9.9)
Depreciation & Amortization	25.9	30.1	28.4	57.4	59.3
Stock Compensation Expense	<u>0.6</u>	<u>0.9</u>	<u>0.5</u>	<u>18.1</u>	<u>10.7</u>
Operating Cash Flow	\$77.5	\$91.4	\$106.6	\$165.8	\$181.4
International					
Operating Income	\$4.0	\$2.3	\$5.8	\$4.2	\$10.9
Depreciation & Amortization	3.1	4.4	4.6	5.7	6.9
Stock Compensation Expense	-	-	-	<u>2.0</u>	<u>1.9</u>
Operating Cash Flow	\$7.1	\$6.7	\$10.4	\$11.8	\$19.7
Worldwide					
Operating Income	\$55.0	\$62.8	\$83.5	\$94.4	\$132.2
Normalizing Adjustment	-	-	-	-	(9.9)
Depreciation & Amortization	29.1	34.5	33.0	63.1	66.2
Stock Compensation Expense	<u>0.6</u>	<u>0.9</u>	<u>0.5</u>	<u>20.1</u>	<u>12.6</u>
Operating Cash Flow	\$84.6	\$98.2	\$117.0	\$177.6	\$201.4

Note: Operating Cash Flow is defined as Operating Income Before Depreciation & Amortization and Stock Compensation Expense.

**Q1'04 refers to Normalized Operating Cash Flow.*

Table 3 - Free Cash Flow Reconciliation
(Reconciliation of Cash Flow from Operating Activities to Free Cash Flow)

<i>\$ in millions</i>	<i>Q1'03</i>	<i>Q2'03</i>	<i>Q3'03</i>	<i>Q4'03</i>	<i>Q1'04</i>
Free Cash Flow					
Cash Flow from Operating Activities	\$98.6	\$92.1	\$135.5	\$101.9	\$236.0
Acquisition of Property & Equipment, net	(20.5)	(20.7)	(38.4)	(37.6)	(38.7)
Overture A/R settled through acquisition	=	=	=	<u>28.1</u>	=
Reported Free Cash Flow	\$78.1	\$71.4	\$97.1	\$92.3	\$197.3
Points Program Revenue	-	-	-	-	(9.9)
Acquisition Related Costs	9.0	6.4	-	30.8	2.5
Contract Termination Fee (Proceeds)	(0.7)	-	-	-	-
Asset Disposal	1.2	-	-	-	-
Sale of Land	(1.4)	-	-	-	-
Tax Effect on Supplemental Items	<u>0.1</u>	=	=	<u>(2.0)</u>	<u>3.9</u>
Normalized Free Cash Flow	\$86.3	\$77.7	\$97.1	\$121.0	\$193.8

Table 4 – Revenue ex-TAC Outlook Calculation (Reconciliation of Gross Profit to Revenue ex-TAC Outlook)

<i>\$ in millions</i>	<i>Previous FY'04</i>	<i>Current</i>	
		<i>Q2'04</i>	<i>FY'04</i>
Revenue Excluding TAC			
Gross Profit	<i>\$1,815-\$1,920</i>	<i>\$500-\$530</i>	<i>\$2,080-\$2,170</i>
Other Cost of Revenues	<u><i>305-330</i></u>	<u><i>80-85</i></u>	<u><i>325-350</i></u>
Total	<i>\$2,120-\$2,250</i>	<i>\$580-\$615</i>	<i>\$2,405-\$2,520</i>

Note: Revenue ex-TAC is defined as Gross Profit before Other Cost of Revenues.

Table 5 –Operating Cash Flow Outlook Calculation
(Reconciliation of Operating Income to Operating Cash Flow Outlook)

<i>\$ in millions</i>	<i>Previous FY'04</i>	<i>Current</i>	
		<i>Q2'04</i>	<i>FY'04</i>
Operating Cash Flow			
Operating Income	\$420-\$480	\$131-\$148	\$575-\$625
Depreciation & Amortization	250-270	70-75	280-300
Stock Compensation Expense	<u>40-50</u>	<u>9-12</u>	<u>35-45</u>
Total	\$710-\$800	\$210-\$235	\$890-\$970

Table 6 - Free Cash Flow Outlook Calculation

(Reconciliation of Cash Flow from Operating Activities Outlook to Free Cash Flow Outlook)

<i>\$ in millions</i>	<i>Previous FY'04</i>	<i>Current FY'04</i>
Free Cash Flow		
Cash Flow from Operating Activities	\$660-\$770	\$840-\$940
Acquisition of Property & Equipment	<u>(160-190)</u>	<u>(175-205)</u>
Free Cash Flow Outlook	\$500-\$580	\$665-\$735

Note: Free Cash Flow outlook is defined as Cash Flow from Operating Activities less Capital Expenditures.

Table 7 – Normalized Q1'04 EPS Calculation

(Reconciliation of EPS to Normalized EPS)

<i>\$ in millions, except per share</i>	<i>Q1'04 Actual</i>	<i>Normalizing Adjustment</i>	<i>Q1'04 Normalized</i>
Reported Net Income	\$101.2	(\$6.0)	\$95.2
Diluted Shares Outstanding	713.3	-	713.3
Normalized EPS	\$0.14	(\$0.01)	\$0.13

Table 8 – Operating Income (Loss) as a % of Gross Profit by Segment

<i>\$ in millions</i>	<i>Q1'03</i>	<i>Q2'03</i>	<i>Q3'03</i>	<i>Q4'03</i>	<i>Q1'04</i>
United States	25%	26%	30%	24%	31%
International	11%	6%	12%	6%	12%
Worldwide	23%	23%	27%	21%	28%

Table 9 – Cash Flow from Operations as a % of Operating Income and as a % of Gross Profit

	<i>Q1'04</i>
Cash Flow from Operations/Operating Income	<i>179%</i>
Cash Flow from Operations/Gross Profit	<i>50%</i>